



# Negotiation & Legalese 101

A Boot Camp for Indies Seeking Funding

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# Who is this Charismatic Fellow?





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I am not a lawyer.  
I am Canadian.





# 100%\* Foolproof Plan to Victory!

Phase 1

Preparation

Phase 2

Negotiation

Phase 3

????

Phase 4

PROFIT!!

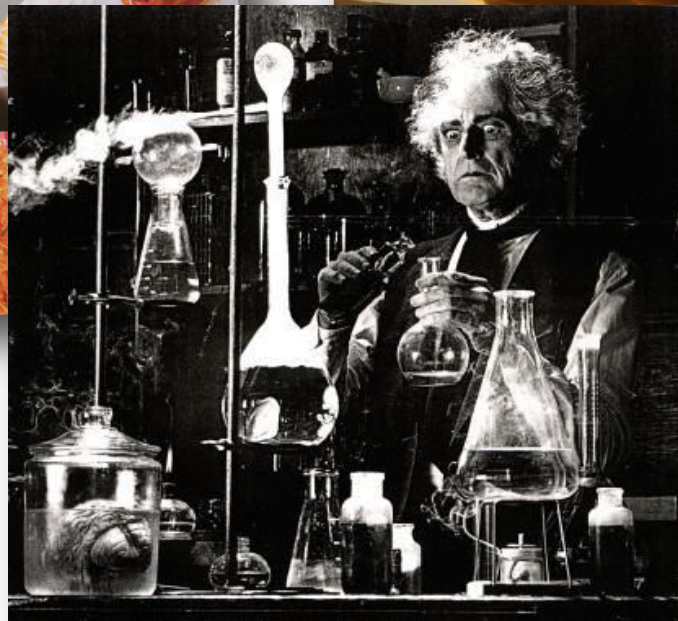


*\*Actual results may vary*

# Building Trust









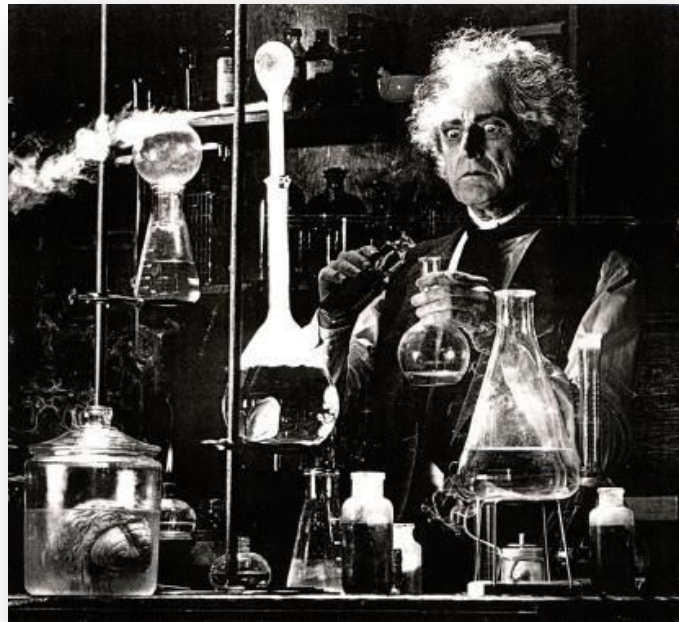


# A Solid Team

- Past Experience
- Staff – Who is missing?
- Business Acumen
  - Legal Structure
  - Contracts

# Delivering a Great Game

- Show that it's super compelling
- Plan your runway
  - Extended Soft Launch / Beta?
  - Post-Launch Support?
- Marketing Plan?



# Market Opportunity

- Define your audience
- Find comparables
  - Successes & Failures
- Forecast Sales





# Be Ambitious, Make Them Dream





- Publisher Agreement
- Investor Term Sheet

- **Publisher Agreement**



Money

Ownership

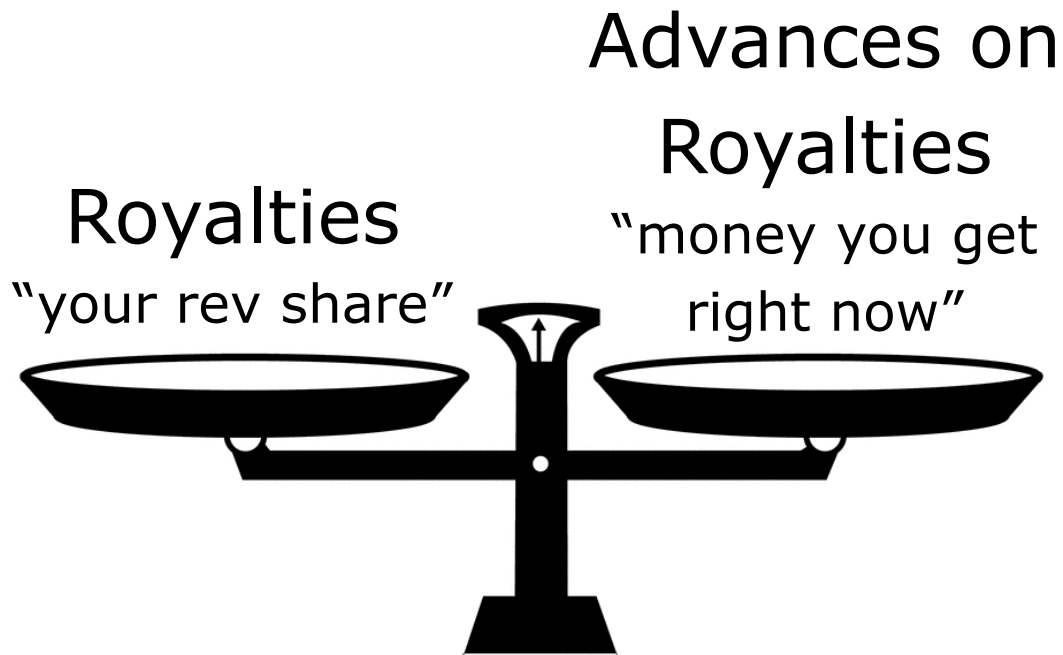
Production

Launch & Post-Launch

Legal Bits

- Investor Term Sheet

# Money



# Royalties

- Royalties on what? Define Net Revenues...
  - Includes Marketing? Production? Anythign else?
  - Terms for payment & audit rights
  - How are Sales Bundles handled?



# Advances on Royalties

- 100% Recoup?
- Payment Schedule
- Terms for Milestone Approval
  - Bonuses! Wait what? Bonuses?





# Ownership

- Who owns the IP?
- Rights on...
  - Sequels
  - Ancilliary Products
    - Merchandise
    - Soundtrack
    - Etc.



# Production

- Music, Sound Effects and Voiceovers
- Playtesting
- Platforms Supported
  - Min Specs?
- Languages Supported



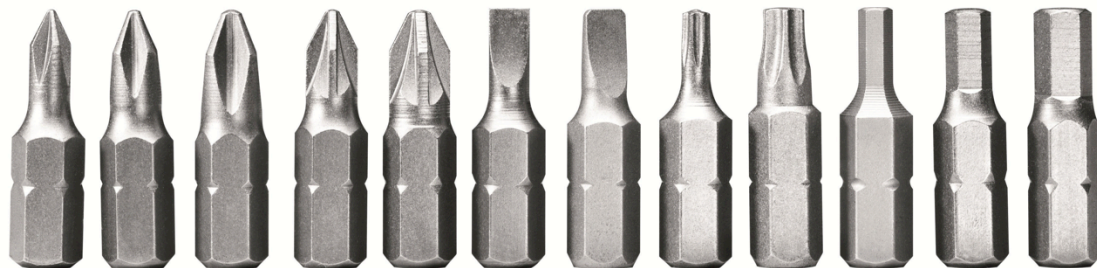
# Launch & Post-Launch

- Quality Assurance
- Game Ratings
- Bug Fixing Obligations
- Customer Support
- Marketing Obligations & Plan



# Legal Bits

- Length of the Contract
- Termination



- Publisher Agreement

- **Investor Term Sheet**



Money  
Common Structures  
Investor Rights

# Money

- Company Valuation
- Types of investment
  - Equity
  - Convertible Notes
    - Discount Rate
    - Interest
    - Cap
  - Warrants



# Investor Preferred Rights

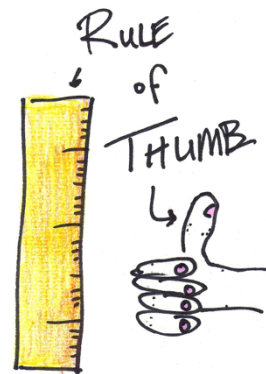
- Liquidation Preference & Anti-Dilution
- Pre-Emptive Rights & ROFR
- Follow-On Rights
- Redemption (Put) Right





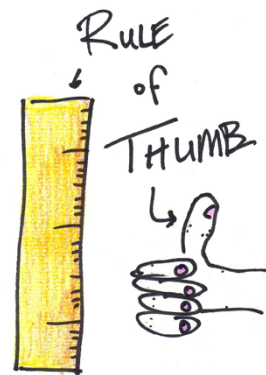
# Common Structures

- Triggering Events & Buy Back Clauses
  - "Reverse Vesting" of Founder Shares
  - Fraud, Termination with cause, etc.
  - Death?
    - Consider Getting Life Insurance on Founders
- Employee Stock Option Plan / Pool



# Common Structures (continued)

- Board of Directors
- Board & Shareholder Approvals
- Non-Competition & Non-Solicitation
- Legal Fees
- Financial Audit Requirement



**PART  
DEUX**

# B's Recipe for Sweet & Savory Success

- Don't wait until you're desperate
- Build trust & de-risk the investment
  - Build a strong case for ROI
  - Show that you have the team to deliver
  - Show that you know what you're doing (and are not crazy)
  - Show that you dream of greatness
- **The more trust you've built, the stronger your ability to negotiate**
- Negotiate the offer
  - Have a clear idea of what you want, prioritize the critical points for you
  - Find the right partner and understand what's critical to them



# Thank You!



 @executionlabs

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